

Trichome FINANCIAL

CREDIT SOLUTIONS FOR CANNABIS RETAILERS

Torkin Manes Retail Cannabis Conference
February 4, 2020

CSE: TFC
trichomefinancial.com
[@Trichomefinance](https://twitter.com/Trichomefinance)

WHO WE ARE: CREDIT SOLUTIONS FOR THE CANNABIS INDUSTRY



**PROVIDING CREDIT SOLUTIONS
ACROSS LIFE CYCLE**

**CUSTOMIZED TO CAPITALIZE ON
OPPORTUNITIES AND MEET
CHALLENGES**

**RESPONSIVE, FLEXIBLE AND
TIMELY**

WHO WE ARE: OUR PARTNERS

Trichome FINANCIAL



STOIC

CREDIT SOLUTIONS TO CANNABIS INDUSTRY

- Commenced operations in May 2018
- Raised ~ \$35 mm in two rounds of equity financing
- Publicly traded under ticker TFC
- Team and infrastructure in place
- Over 500 opportunities reviewed
- 7 completed transactions, with 5 pending
- Launch of Trichome Private Credit in Q1 2020

INVESTOR & OPERATOR IN VALUE-ADD SEGMENTS

- Founding and largest shareholder of Trichome
- Premium branded cannabis consumer products
- Strategic manufacturing and distribution assets
- Strategic focus on California market
- Acquired by Cresco Labs for over \$500mm

CORPORATE ADVISORY TO CANNABIS INDUSTRY

- Founding investor in Trichome
- Advised on over \$2.5 billion in transactions to date
- Corporate strategy, M&A, capital markets, asset valuation and diligence
- Notable mandates include Grassroots, Whistler Medical, Canna Farms, Nuveera, Broken Coast, Tokyo Smoke

WHO WE ARE: OUR TEAM

TRICHOME MANAGEMENT TEAM

Michael Ruscetta CEO and Director

25 years in public/private equities, credit, and distressed situations; Ran Goldman Sachs Special Situations Group in Canada; MD at Amaranth Advisors; CIBC Merchant Banking

Jeffrey Bennett, MBA Vice President, Investments

6 years of banking and private debt experience; previously with CIBC's Leveraged Finance group

Michael Yasny Asset Based Lending

20 years of experience in factoring and asset-based loans

Kevin Jarrett Vice President, Investments

7 years experience in public and private credit at Grenville Strategic Royalty; co-led due diligence on \$70 million of late-venture and growth-stage investments in North America

Karl Grywacheski, CPA, CA Interim CFO

8 years of audit and accounting experience; most recently Director of Finance at Origin House, previously Manager at Deloitte

Dan Cohen, MBA/LLB Vice President & General Counsel

12 years experience as VP and General Counsel at Renvest Capital, a mining focused alternative lender

Brishan Rowjee Associate

5+ years of banking and private equity experience at Barclays and Old Mutual Investment Group in South Africa

ADVISORS

Marc Lustig, Co-Founder & Chairman

Founder and CEO of Origin House, which is being acquired for C\$1.1 billion by Cresco Labs

Aaron Salz, CFA Co-Founder & Advisor

Founder and CEO of Stoic Advisory Inc., leading cannabis advisory firm

Howard Steinberg, CFA Director

25+ years experience in private credit and private equity including Managing Director at Fortress Investment Group



/α/Amaranth



Deloitte.



THE RETAIL OPPORTUNITY IN ONTARIO

1 Largest population base in country



Population growth
Can support ~ 1000 stores

2 Density & demographic advantages



278 people/km² Golden Horseshoe
Younger, more urban

3 Low per capita consumption



Alberta is 3x per capita
Store experience valued

4 First movers have an advantage



Best locations
Retail management systems

5 Per store revenue will normalize



Saturation
Competition

OUR APPROACH TO FINANCING RETAIL

1 Inventory



Up to 75% of inventory purchases
Won't finance accessories

2 Leasehold improvements



Higher-risk financing
Will evaluate total store economics

3 Amortization of principal



Reduce principal as store matures
Sweep excess cash flow

4 EBITDA-based covenants



4-wall
Total store/corporate

5 Royalties or equity participation



Key part of overall financing package
Amount/structure will vary

EXPERTISE IN FINANCING RETAIL

Actively engaged in all aspects of retail

2 transactions closed to date

2 transactions pending closing

Active pipeline of opportunities



Ontario
Cannabis
Holdings



WHAT YOU NEED

- 1 Retail Operator License (“ROL”) and location**  **First step required to access financing**
- 2 Business plan and experience**  **Well thought out plan covering all aspects of your business**
- 3 Engagement of relevant consultants, advisors**  **Don't cut corners to save costs**
- 4 Real capital contribution**  **Must have skin in the game and share risks**
- 5 Realistic expectations and hard work**  **Not a get-rich-quick scheme**

WHAT ARE THE RISKS?

1 Market size/adoption/illicit market



Numerous industry dynamics at play

2 Location



Will be key determinant of long term sustainability

3 Managing retail



Need for effective inventory, labour and financial controls

4 Saturation/competition



Plan around near-term competitive intensity

5 There will be winners and losers



Not every store or location will be a success

Trichome FINANCIAL

info@trichomefinancial.com